

REVISED REBUTTAL TESTIMONY

of

YASSIR RASHID

Energy Engineering Program

Safety & Reliability Division

Illinois Commerce Commission

Rock Island Clean Line LLC

Petition for an Order granting Rock Island Clean Line LLC a Certificate of Public Convenience and Necessity pursuant to Section 8-406 of the Public Utilities Act as a Transmission Public Utility and to Construct, Operate and Maintain an Electric Transmission Line and Authorizing and Directing Rock Island Rock Island pursuant to Section 8-503 of the Public Utilities Act to Construct an Electric Transmission Line.

Docket No. 12-0560

~~October 15~~ November 5, 2013

1 **Q. Please state your name and business address.**

2 A. My name is Yassir Rashid. My new business address is 160 North LaSalle
3 Street, Suite C-800, Chicago, Illinois 60601.

4 **Q. Are you the same Yassir Rashid who previously testified in this docket?**

5 A. Yes, I am. My prepared direct testimony in this docket is ICC Staff Exhibit
6 1.0.

7 **Q. What is the purpose of your Rebuttal Testimony?**

8 A. The purpose of my Rebuttal Testimony is to respond to Rock Island Clean
9 Line ("RICL") witnesses Wayne Galli, ~~and Hans Detweiler,~~ and Michael
10 Skelly.

11 **Q. Have the conclusions that you outlined in your Direct Testimony**
12 **changed because of new information that RICL provided in its**
13 **witnesses' rebuttal testimonies?**

14 A. No. RICL witnesses' rebuttal testimonies did not provide information that
15 caused me to change my conclusions regarding RICL proposed project.

16 **Q. In his rebuttal testimony, Mr. Galli states, "If Mr. Rashid is stating that**
17 **the Project is not needed to provide adequate and efficient service to**
18 **customers, I do not agree with him." (RICL Ex. 2.11, 6.) Please respond.**

19 A. Section 8-406(b) of the Public Utilities Act ("Act") requires that "no public utility
20 shall begin the construction of any new plant, equipment, property or facility
21 which is not in substitution of any existing plant, equipment, property or facility
22 or any extension or alteration thereof or in addition thereto, unless and until it
23 shall have obtained from the Commission a certificate that the public

convenience and necessity *require* such construction.” Id. (emphasis added.)

Whenever after a hearing the Commission determines that any new construction will promote the public convenience “and is necessary thereto,” it shall have the power to issue certificates of public convenience and necessity.

Id. The Commission will determine that proposed construction will promote the public convenience and necessity “*only if* the utility demonstrates: (1) that the proposed construction is necessary to provide adequate, reliable, and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers or that the proposed construction will promote the development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least cost means of satisfying those objectives; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.” Id. (emphasis added.) Although I am not an attorney, in my opinion the Act requires the public utility to demonstrate, among other things, that the proposed project is necessary to provide adequate, *reliable*, and efficient service. In his above statement, Mr. Galli omitted the part that refers to the reliability requirement of Section 8-406(b) of the Act. In my Direct Testimony, I stated “...RICL has not provided evidence that the proposed project *is needed to maintain the reliability of the electric systems in Illinois.*” (Staff Ex.

1.0, 3 (emphasis added).) My understanding is that the project *is needed* if “the reliability of the electric systems in Illinois will be adversely affected if the proposed project is not built.” *Id.* RICL has not provided an independent study or studies from transmission system operators in Illinois, namely PJM Interconnection (“PJM”) and Midcontinent Independent System Operator (“MISO”) that demonstrate the need for the project. Although Mr. Galli voiced his disagreement with my position, he failed to provide a single study, such as load flow study, to demonstrate that the reliability of the Illinois electric transmission system will be compromised if the RICL project is not implemented. Mr. Galli also referred to the direct testimony of RICL witness Len Januzik, which concluded that the proposed project would provide increased reserve margin and transfer capability. (RICL Ex. 2.11, 6.) However, it is important to distinguish between whether the project will merely provide benefits such as increased reserve margins and transfer capability, and whether the project is actually *needed* to maintain the reliability of Illinois transmission system, and therefore to “keep the lights on.”

Q. In your Direct Testimony, you argued that despite RICL witnesses Wayne Galli’s and David Barry’s assurances that the proposed project would provide open access transmission services to “eligible customers,” the nature of the HVDC line would make interconnection to it impractical and economically infeasible. (Staff Ex. 1.0, 7 – 8) Has RICL addressed your concerns regarding interconnectivity to the proposed project in its rebuttal testimony?

70 A. No. In my Direct Testimony, I argued that interconnection to the proposed
71 project is theoretically attainable; however, because it would require
72 installation of AC-to-DC and/or DC-to-AC converters at each location where
73 interconnection with the HVDC transmission line portion of the proposed
74 project is sought, that would increase the interconnection cost significantly.
75 As a result, interconnection with the proposed project will be impractical and
76 economically infeasible, and that in turn will likely hinder Illinois electricity
77 producers' and electricity users' ability to access the HVDC transmission line.
78 Id. In rebuttal testimony, RICL did not address the interconnection to its HVDC
79 transmission line issue. I request that RICL address the interconnection issue
80 in its surrebuttal testimony.

81 **Q. In his Rebuttal Testimony, RICL witness Hans Detweiler states that his**
82 **"[...] understanding that the Commission has typically addressed the**
83 **least cost aspect of Section 8-406(b) by examining which of the potential**
84 **routes of a proposed transmission line project is the least cost,**
85 **considering all relevant factors." (RICL Ex. 7.30, 38.) Please respond.**

86 A It appears that Mr. Detweiler's understanding of how the Commission
87 determines least-cost is not entirely accurate. Moreover, the way that Mr.
88 Detweiler phrases the above statement by focusing on the potential routes
89 cost as the prime criterion which the Commission uses to determine whether
90 a project is least-cost is rather misguided and misleading. The route of any
91 transmission project represents only one component of the overall cost of a
92 transmission line project. The route that costs less to build is not in itself a

determinant of whether the transmission project meets the least-cost criteria set by Section 8-406(b) of the Act. The Commission may select a longer route, which costs more, if the selection of that route would drive the overall cost of the project down. For example, the Commission may select a longer route to utilize an existing transmission substation in order to avoid building a new transmission substation, if the selection of that route would drive the overall cost of the transmission project down.

In his Rebuttal Testimony, Mr. Galli presented a “hypothetical exercise” that compares a transmission line project similar to the RICL proposed project to different projects that utilize AC transmission lines. (RICL Ex. 2.11, 3-4.) Mr. Galli’s conclusion of that exercise was that it showed “the clear cost benefit of an HVDC project to an AC project.” *Id.*, at 7. However, that hypothetical exercise did not factor in the increased cost of interconnecting to HVDC transmission lines as opposed to AC transmission lines and the implications of that increased cost given that the proposed project is supposed to offer open access transmission services. That hypothetical exercise would have been viable if the proposed project was dedicated solely to deliver wind energy from O’Brien County, Iowa to Grundy County, Illinois, with no requirement to having to commit to open access transmission services.

Q. In his Rebuttal Testimony, Mr. Galli indicated that RICL’s decision to commit to using single-pole structures would not change the parameters described in his direct testimony concerning the structure heights, spans, right-of-way requirements, and expected number of

116 **structures per mile for the Project. (RICL Ex. 2.11, 7.) Please comment.**

117 A. In my Direct Testimony, I requested that RICL “provide updated information in
118 its rebuttal testimony about pole placement given the shorter span lengths
119 required by monopole structures.” (Staff Ex. 1.0, 12.) Based on Mr. Galli’s
120 rebuttal testimony, it appears that RICL has developed a monopole design
121 that does not require shorter span lengths. Mr. Galli’s statement adequately
122 addressed my request.

123 Q. In your Direct testimony, you expressed your skepticism regarding
124 RICL’s ability to efficiently manage and supervise the proposed project
125 and you recommended that RICL provide in its rebuttal testimony
126 information on its capability to efficiently manage and supervise the
127 construction of the proposed project. (Staff Ex. 1.0, 15) Has the
128 information that RICL provided in its rebuttal testimony adequately
129 addressed your concerns ~~the information that you recommend that it~~
130 ~~provide?~~

131 A. No. ~~RICL has not provided information regarding its capability to efficiently~~
132 ~~manage and supervise the proposed project. I request that, in its surrebuttal~~
133 ~~testimony, RICL provide information about its capability to efficiently manage~~
134 ~~and supervise transmission line projects. RICL witness Michael Skelly~~
135 provided rebuttal testimony in which he detailed RICL’s plan to manage and
136 supervise the construction of the proposed project. (See generally, RICL Ex.
137 1.4.) In RICL Ex. 1.5, Mr. Skelly provided an organizational chart depicting
138 the management structure of RICL, including different positions in that

organizational structure. RICL plans to fill these positions with thirty four to thirty five individuals, but only fifteen positions in that organizational chart are currently filled. That means that RICL has yet to hire about 20 highly experienced employees, and the Commission has no way to know whether RICL will find those essential employees or not.

Mr. Skelly described the qualifications of the individuals who occupy the fifteen filled positions in RICL Ex. 1.3 and in his rebuttal testimony; however, those descriptions did not explain each individuals' involvement in previous transmission line projects. Mr. Skelly also attached to his rebuttal testimony an exhibit that lists various projects in which he, Mr. Galli, and three other individuals were involved. Nevertheless, Mr. Skelly did not describe how these individuals' involvement in those projects was pertinent to transmission line construction management and supervision.

Q. Did Mr. Skelly provide testimony about any project that RICL has implemented?

A. No.

Q. Why is it important that RICL have a solid experience managing and supervising the construction and operation of transmission lines?

A. The Commission needs to know that RICL has the demonstrated ability to construct, maintain, and operate a reliable, high voltage, direct current, electric transmission line, and that the Company can satisfy Section 8-406(b)(2) of the Act. RICL should demonstrate that it has experience performing similar tasks. Even if RICL has never performed tasks of similar

magnitude, its experience performing similar tasks of lesser magnitude would provide some assurance that RICL has a reasonable chance to succeed. RICL has not demonstrated that it has all the experienced employees it needs for this project, but even if it had made that demonstration, it would also need to demonstrate that it has the organization to make use of those employees to succeed in this project. It has not made that second showing. According to the record evidence, RICL has never built a transmission line project of any kind or of any size. The proposed project is of a large scale and uses high voltage direct current technology that is not new, but is rather rare. In the entire United States, there are only a few high voltage direct current lines. I do not feel comfortable testifying that a startup company like RICL, which has many vacancies in its management structure will effectively and efficiently manage and supervise the construction of a \$2.0 billion project.

Q. Are there other issues that you would like RICL to address in its surrebuttal testimony?

A. Yes. In my Direct Testimony, I indicated that ~~RICL witness Michael~~ Mr. Skelly provided the overall cost of the project. ~~Id.~~ Staff Ex. 1.0, 9. I indicated that RICL witness Morris Stover disclosed the cost for constructing the transmission lines (both DC and AC) within Illinois' borders. Id. I also mentioned that RICL did not provide the cost of the eastern converter station or the AC interconnection facility. Id. In its surrebuttal testimony, I request that RICL disclose the cost of the eastern converter station, the cost of the AC interconnection facility that will interconnect the proposed line to Collins

185 Substation, and all other costs related to the Illinois portion of the proposed
186 project, independent of the overall cost of the project.

187 **Q. Does that conclude your prepared Rebuttal Testimony?**

188 A. Yes, it does.